

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF BUSINESS REGULATION  
233 RICHMOND STREET  
PROVIDENCE, RHODE ISLAND 02903

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IN THE MATTER OF:

CASHPOINT NETWORK SERVICES,  
INC.

Respondents.

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DBR No. 04-B-0053  
DBR ORDER NO. 02-105

**ORDER TO SHOW CAUSE, NOTICE OF HEARING  
AND APPOINTMENT OF HEARING OFFICER**

Pursuant to R.I. Gen. Laws §§ 42-14-16, 42-35-9, 45-34-14 and 19-14-1 *et seq.*, the Director of the Department of Business Regulation ("Department") hereby issues this Order to Show Cause, Notice of Hearing and Appointment of Hearing Officer ("Order") to Cashpoint Network Services, Inc. ("Respondent") requiring Respondent to appear before the Department and to answer why the Director of the Department should not issue an order continuing the suspension or revoking Respondent's license and/or imposing an administrative penalty and/or issuing whatever penalty is determined to be appropriate pursuant to R.I. Gen. Laws § 42-14-16.

The Director issues this Order for the following reasons:

1. Respondent is a corporation whose principal place of business is 143 West 72<sup>nd</sup> Street, New York City, New York 10023.
2. Respondent's License as a Rhode Island Money Transmitter License # 20021322 (the "License") was Suspended by an Emergency Order issued by the Director on Friday April 23, 2004 at 4:52 PM.

3. According to the Annual report filed with the Department on March 17, 2003, Samuel R. Brevdah is the President of Respondent.
4. On April 23, 2004, the New York State Banking Department issued a thirty (30) day Suspension Order ("New York Order") to Respondent, suspending all of its money transmitter activities within the State of New York.
5. The New York Order cites the following grounds for the issuance of the New York Order:
  - a). Respondent has failed to pay approximately \$13 million that is due and owing to a New York Chartered bank;
  - b). Respondent owes approximately \$20-25 million to other creditors, including monies due and owing to beneficiaries of money transmission transactions conducted by Respondent; and
  - c). Respondent has failed to maintain its books and records in a condition that would allow bank examiners to determine that Respondent or any of its agents or subagents are in compliance with applicable New York law.
6. On April 23, 2004, the New York Banking Division estimated that the monies due and owing other creditors, including beneficiaries of money transmission transactions conducted by the Respondent has risen to over \$75 million.

7. As of the last annual report filed with the Department, Respondent has fifty-four (54) agents located in the State of Rhode Island receiving payments from Rhode Island citizens for payment of various utility bills.
8. On April 23, 2004 the New York Banking Division upon information and belief characterized the condition of Respondent as resultant from a major incident of defalcation and embezzlement.
9. To be licensed in Rhode Island as a Money Transmitter, the Department requires that the Licensee demonstrate financial responsibility and have net worth in the minimum of \$50,000.00
10. On or about April 22, 2004, an involuntary Bankruptcy Petition was filed in the United State Bankruptcy Court for the Southern Division of New York alleging that Respondent was insolvent.
11. Respondent is presently unable to demonstrate financial responsibility and minimum net worth to qualify for a Rhode Island Money Transmitter License.

Therefore, pursuant to R.I. Gen. Laws § 42-6-8, the Director orders Respondent to appear before a Hearing Officer at the Department on May 12, 2004 at 11:00 a.m. at the Department's offices located at 233 Richmond Street, Providence, Rhode Island 02903 for a prehearing conference pursuant to Rule 5 of the Rules of Practice and Procedure in Administrative Hearings before the Department of Business Regulation and on the Order to Show Cause why the Director should not issue an order continuing the suspension or revoking Respondent's license as a Rhode Island Money Transmitter

pursuant to R.I. Gen. Laws § 19-14-1 *et seq.* and/or issuing whatever penalty is determined to be appropriate pursuant to R.I. Gen. Laws § 42-14-16.

The Director hereby appoints Neena Sinha Savage as Hearing Officer for the purpose of conducting the hearing and rendering a decision in his matter. The proceedings shall be conducted in conformity with R.I. Gen. Laws §§ 42-35-1 *et seq.*

Dated this 28<sup>th</sup> day of April, 2004.

  
Marilyn Shannon McConaghy  
Director

**CERTIFICATION**

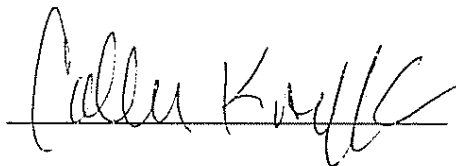
I hereby certify on this 28<sup>th</sup>      day of April, 2004, that a copy of this Order was sent by certified mail, return receipt requested and by first class, postage prepaid to:

CashPoint Network Services, Inc.  
143 West 72<sup>nd</sup> Street  
New York, NY 10023

Holland & Knight, LLP  
One Financial Plaza, Suite 1800  
Providence, RI 02903

And by hand-delivery to:

Dennis Zirolì, Associate Director, Department of Business Regulation, 233 Richmond Street, Providence, RI 02903

A handwritten signature in black ink, appearing to read "Allen Knight", is written over a horizontal line.